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# Treasury Financial Manual

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Bulletin No. 2002-06

Volume I

Retention: May 31, 2003

**To: Heads of Government Departments, Agencies, and Others Concerned**

**Subject: Adjustments to Fiscal 2001 Federal Agencies' Centralized Trial-Balance System I (FACTS I) Data**

## 1. Purpose

This Treasury Financial Manual (TFM) bulletin does the following:

- Stipulates procedures to agencies that must reconcile net position through the FACTS I data verification process.<sup>1</sup>
- Defines the certification process for ending net position, as represented in the fiscal 2001 adjusted trial-balance (ATB) FACTS I submission. Accordingly, the net position that an agency reports to the Financial Management Service (FMS) during the preparation of the Financial Report of the United States Government (Financial Report) must agree with the agency's audited consolidated financial statements.

## 2. Reconciliation of Fiscal 2001 FACTS I Data to an Agency's Audited Consolidated Financial Statements

FMS works with all agencies required to perform FACTS I data verification to reconcile net position. To properly report net position changes in the fiscal 2002 Financial Report, each agency must reconcile its ending net position included in the fiscal 2001 Financial Report to its fiscal 2001 audited consolidated financial statements. Such reconciling items generally result from the following:

- Adjustments made to an agency's audited consolidated financial statements subsequent to the final FACTS I submission for fiscal 2001.
- Unreconciled differences reported in FACTS I verifications for audits that were completed on time.

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<sup>1</sup> Agencies not required to prepare an Account Groupings Worksheet (AGW) for FMS should contact their FMS representative on 202-874-9910 to discuss how to accomplish any adjustments. These adjustments are necessary if the agency's financial statement net position did not agree with the FACTS I transmission.

This reconciliation is part of FMS' ongoing effort to work with Federal agencies toward an unqualified audit opinion for the Financial Report.

After publication of the fiscal 2001 Financial Report and by June 28, 2002, agencies should submit to FMS identified adjustments resulting from the reconciliation effort. Each adjustment must include an explanation describing (1) the adjustment's amount by standard general ledger account, and (2) the adjustment's nature and purpose. FMS will analyze the adjustments and determine how to report them in the fiscal 2002 Financial Report.

Currently FMS is reviewing AGWs that reported differences between agencies' fiscal 2001 FACTS I data and their audited consolidated financial statements. Agencies with differences must do the following:

- Finalize the fiscal 2001 AGW immediately.
- Certify any necessary adjustments to the FACTS I data.
- Identify the journal entries to correct before the June 28, 2002, deadline in anticipation of a call from FMS.

These journal entries should adjust the fiscal 2001 FACTS I submission at the lowest reporting level possible.

### **3. Certification of the ATB and Fiscal 2001 Ending Net Position Balance**

After the agency and FMS complete the adjustments updating or correcting the fiscal 2001 FACTS I data, FMS will send the agency's Chief Financial Officer (CFO) a certification package including the:

- Documentation of all adjusting journal entries;
- Final department-level ATB (FMS will generate all reports at the department level);

AND

- Certification of the fiscal 2001 ending net position balance.

Within 1 week of package receipt, the agency's CFO or the CFO's designee must sign the certification confirming the fiscal 2001 ending net position. The agency and FMS will report the fiscal 2001 ending net position as the fiscal 2002 beginning net position.

Since this is a critical process, all agencies and departments must:

- Carefully review the fiscal 2001 adjustments reported to FMS;

- Ensure that these adjustments are reflected in the agency's records before they submit the fiscal 2002 FACTS I trial-balances to FMS;

AND

- Ensure that the certified net position is reported in fiscal 2002 FACTS I data.

FMS will send 2001 performance measure letters from Commissioner Richard L. Gregg to those agencies not required to submit adjustments. Each agency should use the performance measure letter as the basis for acknowledging and confirming the agency's net position. Agencies must certify the final net position numbers.

#### **4. Prior-Period Adjustments**

Even after confirmation, agencies may adjust their ending net position for fiscal 2001 data errors that are later identified through audit processes. This may require restatement for the earliest year (fiscal 2001) included in comparative financial statements. FMS will consider such changes as part of the fiscal 2002 FACTS I data.

#### **5. Rescission**

This bulletin rescinds TFM Bulletin No. 2001-05.

#### **6. Effective Date**

Immediately.

#### **7. Inquiries**

Direct questions or comments concerning this bulletin to:

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Richard L. Gregg  
Commissioner

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